UK Property Accountants

A Complete Guide to

Capital Gains Tax on Property



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Introduction to Capital Gains Tax on Property

Capital Gains Tax (CGT) is the tax you pay on the profit made when you sell your property or asset that has increased in value. CGT was introduced by the Finance Act of 1965 and officially commenced on 6 April 1965. You pay the tax on the profit that you make, not the amount you receive when selling the property or asset.

For example, if you bought a property for £125,000 and later sold it for £150,000. The profit you made on the sale of your property will be £25,000. So, you will pay CGT on that £25,000.

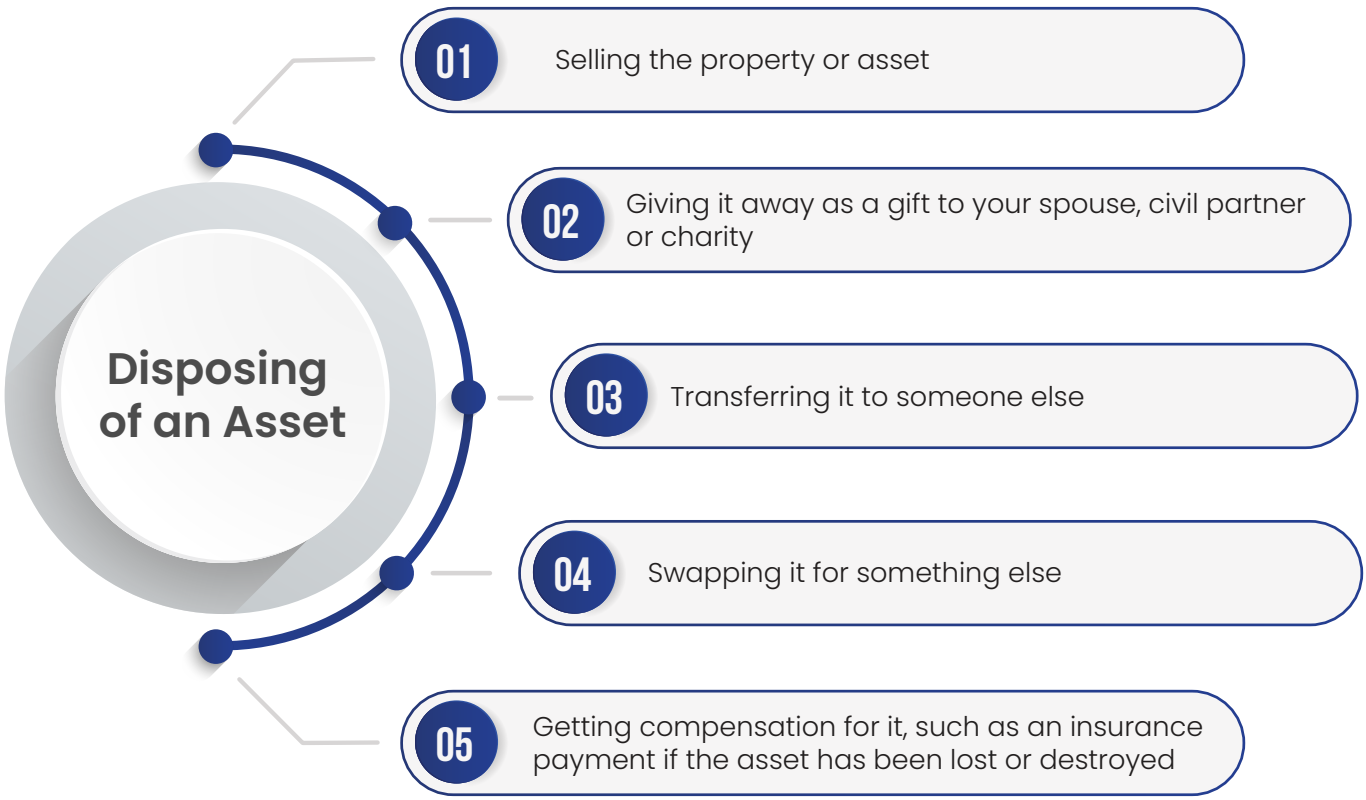
However, you do not have to pay any CGT at all if you sell your main residence that was fully occupied throughout the ownership period. If the property was not occupied as your main residence for the entire ownership period, you may need to pay CGT for the portion of time it was not used as your main residence. Capital Gains Tax (CGT) is payable on the sale of Buy-to-Let properties.

Formula of Capital Gains Tax

Capital Gains Tax = (Sales Price - Purchase Price) x Tax Rate

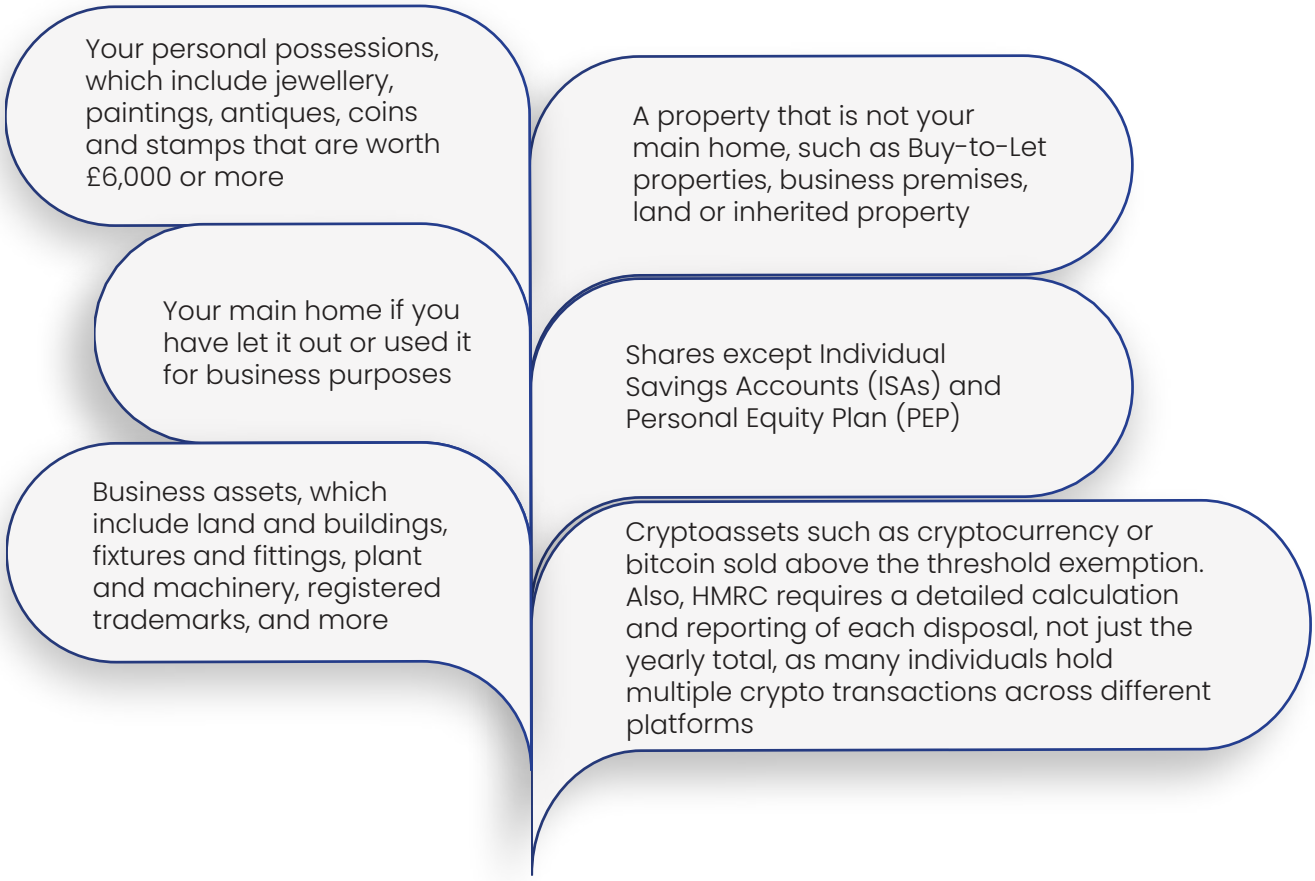
Disposing of an Asset

The Capital Gains Tax (CGT) is paid on the gains made when you dispose of an asset. The disposing of an asset can include:



What You Pay CGT On

You have to pay Capital Gains Tax on gains when you sell or dispose of any property or assets, such as the following:



When Do You Pay CGT?

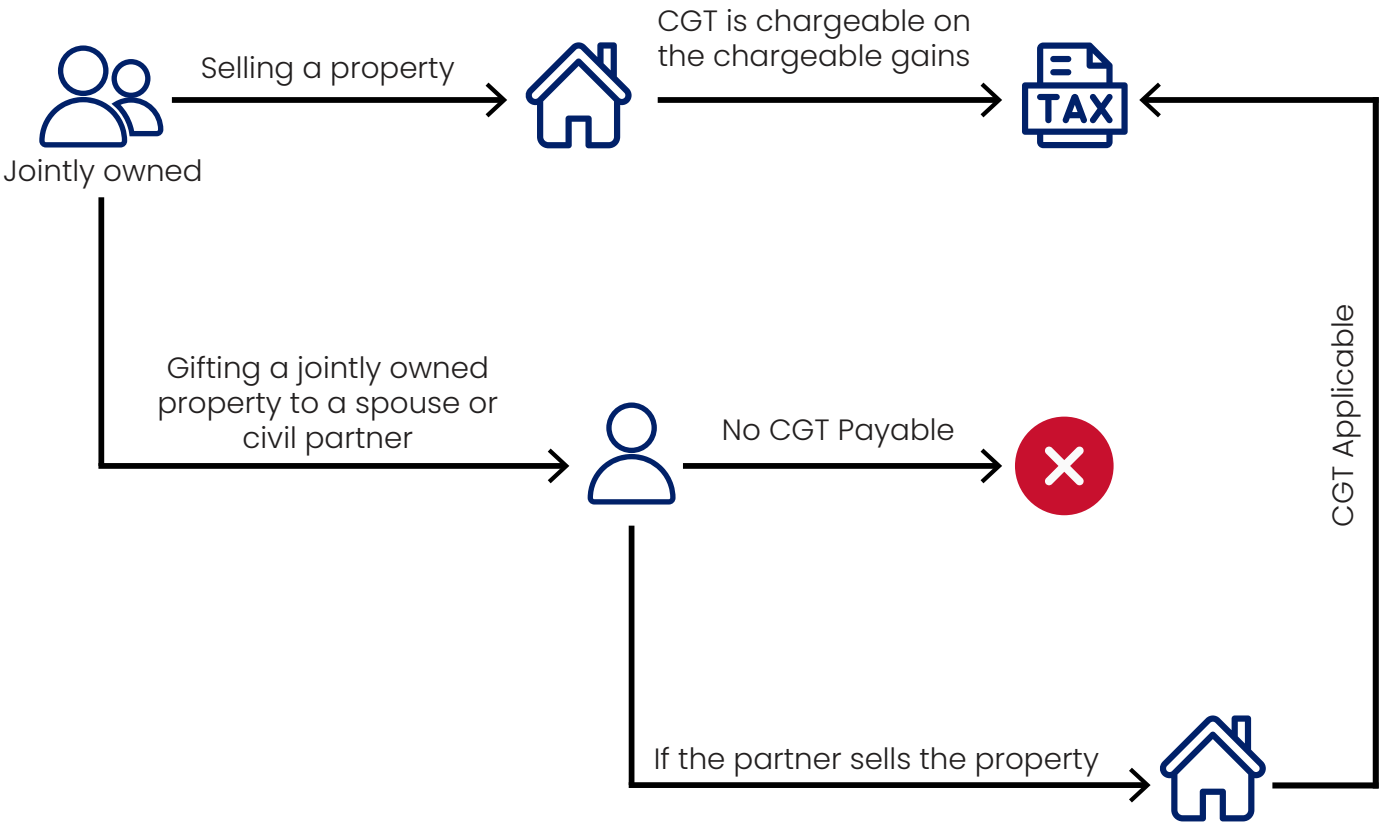
You must pay and report the Capital Gains Tax due on UK residential property within 60 days of selling the property or asset if the completion date was on or after 27 October 2021. If the completion date was between 6 April 2020 and 26 October 2021, you must report and pay within 30 days of selling the property.

Completion Date	Reporting and Payment
Between 6 April 2020 to 26 October 2021	Within 30 days of selling the residential property
On or After 27 October 2021	Within 60 days of selling the residential property

Also, on other assets, you must declare and pay the CGT at the time of filing your Self-Assessment Tax Returns for the relevant Tax Year.

What if You Jointly Own Your Property?

If you jointly own the property and decide to sell it, you must report your own gain or loss. You do not have to pay any Capital Gains Tax on assets you give or sell to your husband, wife or civil partner.



However, if you are separated and did not live together in that tax year and you gave them goods for their business to sell, you have to pay CGT on the gains made by selling that asset.

If your partner later decides to sell the same property, they have to pay CGT on the gain they make when disposing of the asset. Their gain will be calculated on the difference in value between when you first owned the asset and when they sold it.

DID YOU KNOW?

You and your spouse or civil partner can only have one main residence between you whilst you are 'living together'.

When Do You Not Pay CGT?

You do not have to pay any Capital Gains Tax (CGT) under the following conditions:

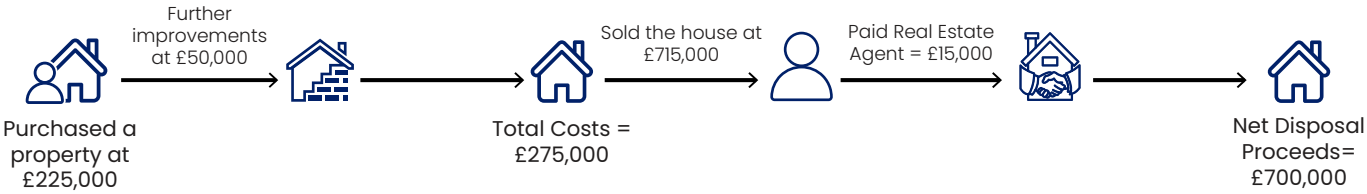
- If you make total gains under the tax-free allowance threshold. The Capital Gains tax-free allowance threshold is £3,000 for any asset except trusts and £1,500 for gains made through trusts for Tax Year 2024-25. For example, if you make a gain of £2,500 by selling some shares of a company, you do not have to pay any CGT because the gain made is under the allowance threshold
- Any gains made from Individual Savings Accounts (ISAs) and Personal Equity Plan (PEP) are not liable for CGT
- Gains made from selling UK Government Gilts, which are government bonds or liabilities issued by HM Treasury, and Premium Bonds do not require any CGT payments
- Profits made from betting, lottery or pool wins are exempt from CGT

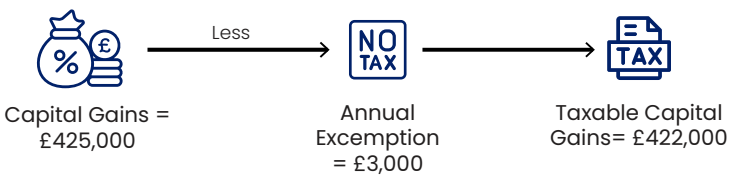
How is CGT Calculated?

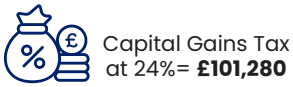
Capital Gain is calculated on profits made which is calculated by reducing the costs from the sale. Hence, Capital Gains Tax is paid on the gains made from the sale of the property. To understand the calculation of Capital Gains Tax, let us take an example.

David Smith purchased a property at a cost of £225,000 in 2005. He made further improvements on the property costing him £50,000. So, his total costs to date are £275,000.

He sold the house at £715,000 in June 2024 and paid a real estate agent £15,000. So, his net disposal proceeds will be £700,000.







Particulars	Amount
Net Disposal Proceeds	£700,000
Less: Purchase price Costs for Improvement	 £225,000 £50,000
Capital Gains	£425,000
Less: Annual Exemption	£3,000
Taxable Capital Gains	£422,000
Capital Gain Tax at 24%	£101,280

What Information Is Needed for CGT?

Various information must be gathered when filing for Capital Gains Tax. Here is the list of information to be collected for CGT:

- Full Address (including postcode) of the property sold
- Date of exchange of the property sale (usually the date the buyer paid the deposit)
- Completion statement for the property sale
- Completion statement for the property purchase. If the completion statement is not available, details of the initial purchase price and any associated acquisition costs
- Details of any capital improvements
- Details of the residency status of the owner during the disposal date
- Information on how the owner initially acquired the property (e.g. bought it, inherited, gift, etc)
- Additional information as relevant (e.g. the period the owner lived in the property to assess the qualification for Private Residence Relief.)

Before we can prepare and file a CGT return, you need to set up your you need to set up a UK Property account and provide us with your account number and UK postcode or country of residence – these details must match their Capital Gains Tax on UK property account details.



Capital Gains Tax Rates and Allowances

From 30 October 2024, you pay the CGT at the same rate on the gains from residential property and any other asset. The applicable CGT rates are as follows:

Tax Bracket	Income Range	CGT Rate on property	CGT Rate on assets
Basic rate taxpayer	£12,571 to £50,270	18%	18%
Higher rate taxpayer	£50,271 to £125,140	24%	18%
Additional rate taxpayer	Over £125,140	24%	24%

Capital Gains Tax (CGT) - Selling UK Property



There is an annual allowance threshold of £3,000 for Year 2024/25. So, if your gain is £15,000 when selling a residential property, £3,000 will be deducted, resulting in Capital gains of £12,000.

Let us take an example to understand the CGT rates and allowances better.

Mr Smith earns £25,000 from his employment income and is selling his residential property, resulting in a gain of £50,000. After deducting the annual capital gains allowance of £3,000, his taxable capital gain is £47,000.

For the tax year, his taxable income is £12,430 (25,000 - 12,570). This means that a portion of his gain, up to the basic rate threshold of £37,700, is taxed at 18%, with the remainder taxed at 24%.

Accordingly, £25,270 of his gain (37,700 - 12,430) is taxed at 18%, while the remaining £21,730 (47,000 - 25,270) is taxed at 24%.

Tax When You Sell Property

Capital Gains Tax is payable on the gains made when disposing of a property. A property can be residential property, Buy-to-Let property, business property, land, inherited property, or any other property. However, there are certain reliefs applicable that can reduce your CGT amount or even eliminate it completely.

Private Residence Relief (PRR)

Private Residence Relief helps to reduce or eliminate your CGT completely. Private Residence Relief (PRR) applies when you sell your main residence. With this relief, any CGT liability incurred on the gains of sale of your main residence will be reduced based on the ownership period.

If you have occupied the property as a main residence throughout your ownership period, no CGT amount would be due. You would be eligible for partial relief even if you occupy your main residence at some point during the ownership period.

There are various conditions on which the Private Residence Relief applies. Here are some of them:

01 Delay in Occupation

The first two years of ownership also qualify for PRR if there is a delay in moving in after purchase, provided that the following conditions are met:

01. The property was under construction, being renovated, or you couldn't sell your old residence, and
02. You occupied it as your primary or only residence within the first two years of ownership.

For Example,

You purchased a property in May 2010. However, you only moved to the property in May 2011, which required major refurbishments. Subsequently, it was your only and main residence. The house was sold in 2020. You're eligible for full private residence relief on the disposal of the property.



02 Periods of Deemed Occupation

If you have one residence or nominated your residence, certain periods of absence also qualify for PRR depending on the reason for and the length of absence.

01. Absence for any reason not exceeding three years
02. Absence of any length due to employment or office outside the UK
03. Absence of up to four years due to the place of work
04. It is extremely important to remember that a period of absence will only qualify as deemed occupation if it was both preceded and followed by actual occupation. Therefore, the residence must have been occupied by you both before and after unless your work prevented it.

For Example,

Jake bought a dwelling-house in Eastbourne in June 2010. He occupied it as his only residence until July 2011. In that month his employer required him to work in Edinburgh and provided him with a house whilst he was there. He was employed in Edinburgh until October 2014 when his employer transferred him to Inverness on a long term contract. He occupied a house provided by his employer until May 2020 when he sold his house in Eastbourne to buy a house in Inverness.

You should allow relief as follows.

01. June 2010 - July 2011: only or main residence
02. July 2011 - July 2015: 4 years due to requirements of employment, s223(3)(c) TCGA92
03. August 2015 - July 2019: no relief due
04. August 2019 - May 2020: final period exemption, s223(1) TCGA92

He did not resume residence in Eastbourne because the terms of his employment required him to work in Inverness. So he is entitled to relief under s223(3)(c) TCGA92 because of s223(3A) & (3B) TCGA92. However, this provision does not apply to periods of absence under s223(3)(a) TCGA92 and so the period between August 2015 and July 2019 does not qualify as a period of absence and so does not qualify for relief.

03 Final Period Exemption

The final nine months of the ownership period always qualify for PRR, no matter how many properties you own or where you live. However, the property must have been your only or main residence for at least some point during the ownership period.

For Example,

You purchased a property in May 2010 for £100,000 and resided in it for nine years before moving into another property in May 2019. The property remains vacant from that date and is disposed of in May 2022 for £180,000.

Since the property has not been your only or main residence throughout the ownership period, private residence relief is restricted.

The property has been occupied for 108 months in total. The remaining 9 months of the ownership period can be added, giving you a total of 144 months. Therefore, you'll be qualified for private residence relief amounting to £65,000 (£80,000*117/144).

The remaining £15,000 will be subject to capital gains tax, although any available losses or the annual exempt amount may be deducted from it.

04 Interest In Two Or More Residences

An individual may have an interest in two or more residences in a given period. Relief is, however, only available in respect of one residence. A residence will be treated as a main residence if an election is made by giving notice to HMRC within two years from the date when an individual first had two such residences.

If a relevant person has more than one residence and a notice electing for one of them to be treated as his main residence has not been made, then the question of which is, in fact, his main residence will be determined as a matter of fact and degree.

HMRC consider that the following factors are of relevance in determining this issue (Capital Gains Manual 64545):

01. If the individual is married or in a civil partnership, where does the family spend its time?
02. If the individual has children, where do they go to school?
03. At which residence is the individual registered to vote?
04. Where is the individual's place of work?
05. How is each residence furnished?
06. Which address is used for correspondence?

    (a) Banks and Building Societies (b) Credit cards (c) HMRC
07. Where is the individual registered with a doctor/dentist?
08. At which address is the individual's car registered and insured?
09. Which address is the main residence for council tax?

Here are the conditions that must apply for the full PRR to be applicable:

01 The residential property was your one home, and you had lived in it as your main home for all the time you have owned it

02 Any part of the property was not let out

03 Any part of the property was not used for business purposes

04 The property area is less than 5,000 square meters in total, which includes the ground and all the buildings.

05 The property was not bought to make any gains

In addition, if the main residence was partly let out, you will be entitled partly to the PRR relief, and you would be eligible for a separate relief known as the Letting Relief.

Letting Relief

Letting Relief is applicable when the property owners use the property both as their main residence while also letting out a part of it. It was first introduced to reduce CGT amounts for homeowners who rent out their property while they were not living in them. However, after 2020, letting relief is only available to homeowners who live in the property while partly renting it out. Currently, Letting Relief does not apply to homeowners who let out their property entirely unless the owner has lived there.

Lettings Relief is applicable to the lowest of the following three options:

The eligible amount of Private Residence Relief (PRR)

£40,000

The same amount as the chargeable gain you receive from the letting part of the property

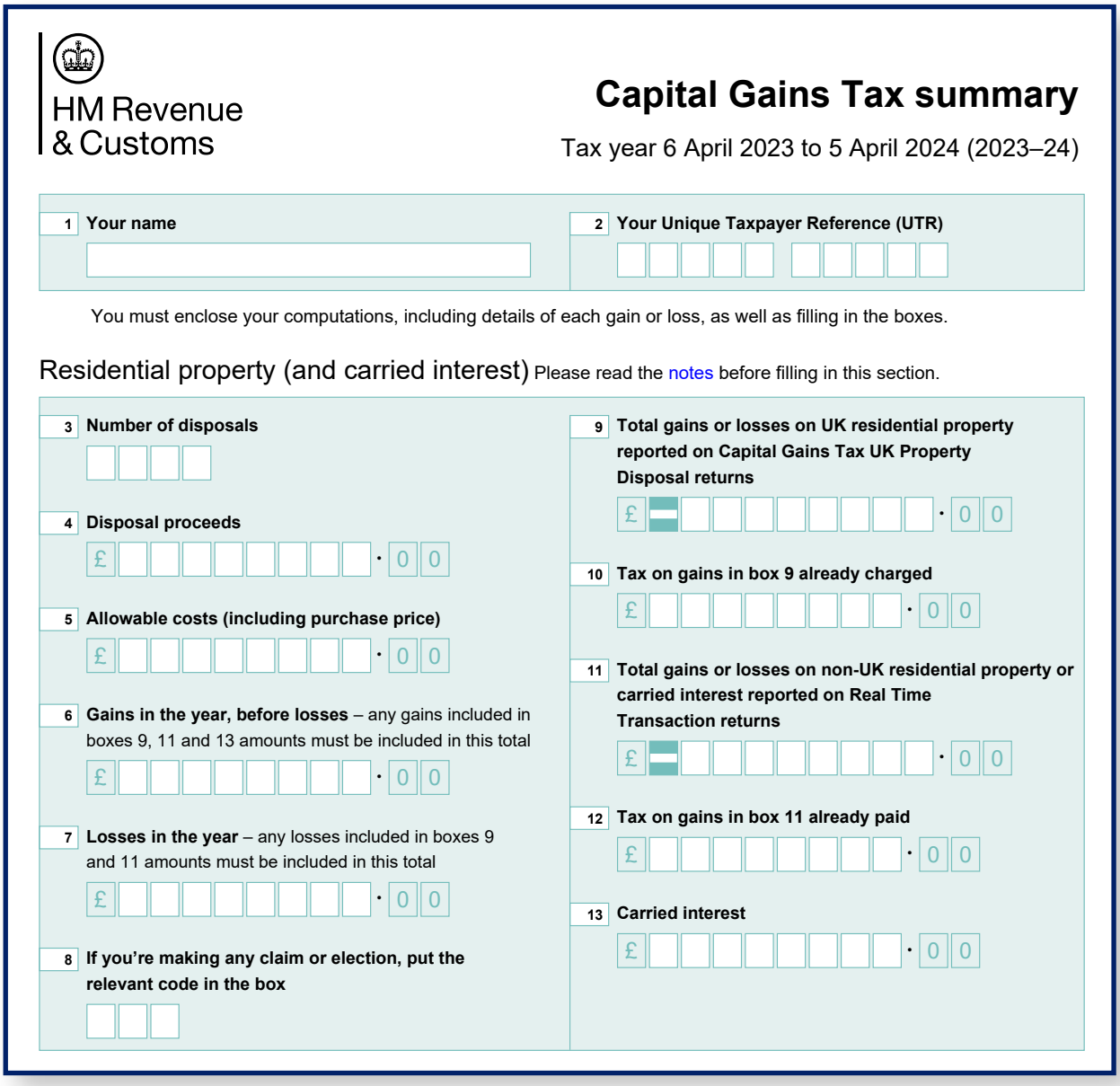


Deadline to Pay Capital Gains Tax

The deadline to pay Capital Gains Tax when selling residential property is within 60 days of completion of the sale of the property after 27 October 2021. If the completion date is between 6 April 2020 and 26 October 2021, you need to pay your CGT amount within 30 days of selling the property.

For any other assets, the deadline to declare and pay CGT is when you file your Self-Assessment Tax Returns.

Also, if you sell a residential property before 6 April 2020, you must report the gains in the Self Assessment Tax Returns of the tax year following the sale.



HM Revenue & Customs

Capital Gains Tax summary

Tax year 6 April 2023 to 5 April 2024 (2023–24)

1 **Your name**

2 **Your Unique Taxpayer Reference (UTR)**

You must enclose your computations, including details of each gain or loss, as well as filling in the boxes.

Residential property (and carried interest) Please read the notes before filling in this section.

3 **Number of disposals**

4 **Disposal proceeds** £ .00

5 **Allowable costs (including purchase price)** £ .00

6 **Gains in the year, before losses** – any gains included in boxes 9, 11 and 13 amounts must be included in this total £ .00

7 **Losses in the year** – any losses included in boxes 9 and 11 amounts must be included in this total £ .00

8 **If you're making any claim or election, put the relevant code in the box**

9 **Total gains or losses on UK residential property reported on Capital Gains Tax UK Property Disposal returns** £ .00

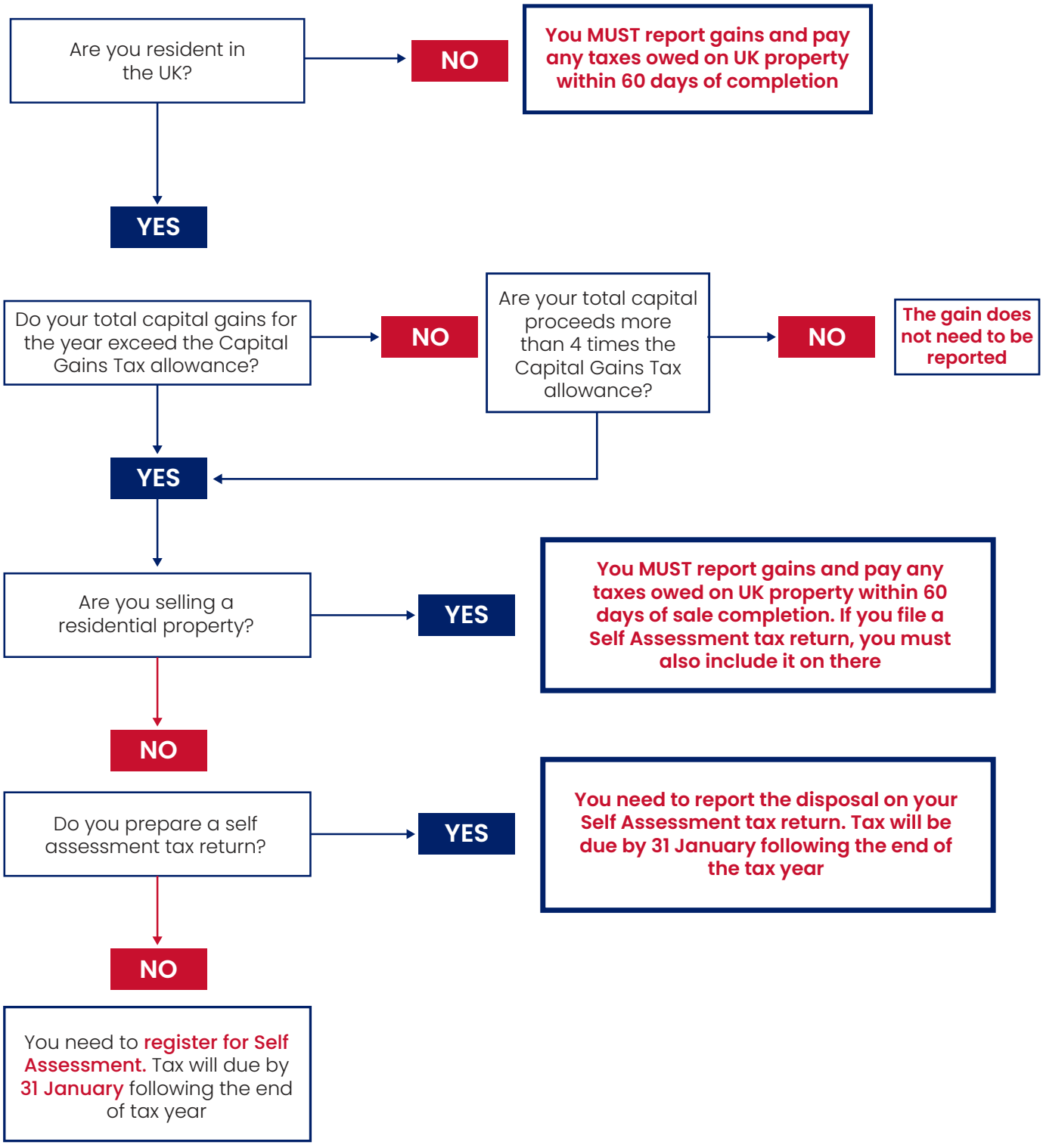
10 **Tax on gains in box 9 already charged** £ .00

11 **Total gains or losses on non-UK residential property or carried interest reported on Real Time Transaction returns** £ .00

12 **Tax on gains in box 11 already paid** £ .00

13 **Carried interest** £ .00

Capital Gains Tax Reporting-Flowchart



Payment of CGT

Capital Gains Tax return on UK property disposals must be submitted within 60 days following the date of completion of the sale of the property. The taxpayer must also make a 'payment on account' with respect to the disposal. The 'payment on account' is a payment made towards the Capital gains Tax liability on the disposal. It is also referred to as the 'notionally chargeable' amount in the legislation and is the best estimate of the tax due.

The payment on tax due can only be an estimate because the correct amount of Capital Gains Tax due cannot be calculated until later during the Self Assessment Tax Returns. For example, if a person completes the sale of their house during July. The payment on account is made by estimating the values as explained in the table below:

Particulars	Amount
Chargeable Gains	£150,000
Less: Annual Exempt Amount	£3,000
Taxable Capital Gains	£147,000
Capital Gains at Basic Rate of 18% *(For the first £37,700)*	£6,786
Capital Gains at Higher Rate of 24% *(For the remaining amount i.e., £109,300)*	£26,232
Total Capital Gains Payable	£33,018

So, the £33,018 is an estimated amount paid within the 60-day timeframe after disposal of the property. However, due to any losses or gains incurred over the tax year, the tax can either be less than or more than the estimated amount.

Overpayment or Underpayment of Tax

At the end of the year, if the payment on account you made is more than the tax you are liable for, that is, you overpaid, the overpaid amount will be offset against other amounts due in the Self Assessment Tax Returns. However, if no other amounts are due, you will need to contact HMRC to request repayment.

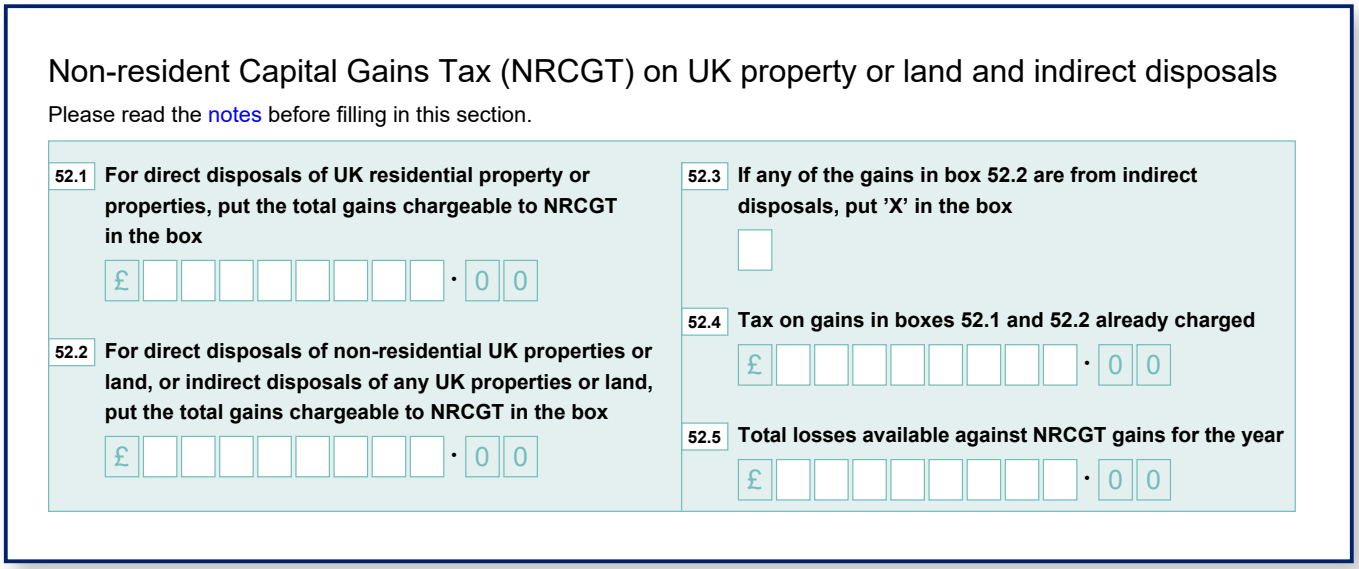
If you have underpaid the CGT amount during the disposal, you must pay the remaining balance during your Self Assessment Tax Return. However, if your CGT return or any details of your CGT return are incorrect, you must amend your CGT return.

Amending CGT Return

It is only possible to amend the CGT return for events that occurred before or on the date of disposal of the property. It is not possible to amend the CGT return for any losses or gains that arise later that year. Also, HMRC can charge penalties for filing an incorrect return. The penalty depends on the behaviour of the taxpayer and is based on the Finance Act 2007, Schedule 24.

Non-Resident Capital Gains Tax (NRCGT)

If you are not a UK resident and are disposing of a property in the UK, the gains made on the disposal of the property in the UK are also applicable for Capital Gains Tax. Before 2015, gains made on the disposal of UK property by non-residents were completely free of tax. But, after 6 April 2015, the NRCGT was introduced, which made all disposal of residential properties chargeable for Non-Resident Capital Gains Tax (NRCGT). From 6 April 2019, the NRCGT regime covered non-residential properties as well.



Non-resident Capital Gains Tax (NRCGT) on UK property or land and indirect disposals

Please read the notes before filling in this section.

52.1 **For direct disposals of UK residential property or properties, put the total gains chargeable to NRCGT in the box**

£ . 0 0

52.2 **For direct disposals of non-residential UK properties or land, or indirect disposals of any UK properties or land, put the total gains chargeable to NRCGT in the box**

£ . 0 0

52.3 **If any of the gains in box 52.2 are from indirect disposals, put 'X' in the box**

52.4 **Tax on gains in boxes 52.1 and 52.2 already charged**

£ . 0 0

52.5 **Total losses available against NRCGT gains for the year**

£ . 0 0

Tax When You Sell Property

All non-residents who dispose of property or land in the UK are subject to the NRCGT on the gains they make. The following falls under the scope of NRCGT:

01 Residential freehold properties and leasehold properties

02 Commercial freehold properties and leasehold properties

03 Any estate, interest, right or power over land and property in the UK

04 Any buildings, structures, or land under the sea within the jurisdiction of the UK

Tax When You Sell Property

The following information is required before you complete the NRCGT return:

01 Property address and postcode

02 Date you acquired the property

03 Date you exchanged contracts when you were selling or disposing of the property

04 Date you stopped being the property's owner (completion date)

05 The value of the property when you acquired it

06 The value of the property when you sold or disposed of it

07 Any improvements made to the property

08 Details of any tax reliefs, allowances, or exemptions that you are entitled to claim

09 Nature of the property

10 Estimated taxable income in the relevant tax year to determine the tax bracket

11 Details of any other disposals already made in the tax year

12 Valuation as of 5 april 2015 or 5 april 2019 as relevant

13 Residency (tax years when you were a uk resident and tax years when you were not a UK resident)

DID YOU KNOW?

Non-resident individuals, who return to the UK within 5 years of leaving may still be liable for CGT on assets sold while they were abroad. This is known as the temporary non-residence rule.



Indirect Disposal

The sale of a property is referred to as direct disposal. However, the sale of shares in a company that owns the property is referred to as indirect disposal. NRCGT is applicable during indirect disposal if these two conditions are met.

1

75% Value Test

If the asset has a value of at least 75% from UK land, NRCGT is applicable. For instance, a non-resident company has total assets worth £10 million and a UK land value of approximately £8 million. As the UK land contributes to 80% of the total value the 75% value condition is met.



2

25% Ownership Test

The 25% ownership test applies when a person has at least 25% equity interest. The equity interest refers to not only ownership rights but also voting rights, the entitlement of the entity's assets, entitlement to the distribution, and others.



How is NRCGT Calculated?

Residential properties owned after 5 April 2015 and non-residential properties owned after 5 April 2019 follow normal CGT calculations. Here are the calculations for properties owned before 5 April 2015 and 5 April 2019.

- **Calculation for Residential properties Owned Before 5 April 2015**

  There are three methods applicable for the NRCGT calculation of residential properties owned before 5 April 2015.

01 **Default Rebasing Method**

Under this default method, the non-resident taxpayer obtains a valuation of the residential property as of 5 April 2015. Only the difference between the proceeds of disposal and the 5 April 2015 value is taxable.

For example, a non-resident taxpayer bought a three-bedroom house in London in April 2001 at £350,000. The market value of the house on 5 April 2015 was £650,000. The house was sold in Apr-21 for £800,000.

The taxable gain for NRCGT will be £150,000 (i.e., £800,000 selling price less £650,000 Apr-15 market value) under the default rebasing method.

02 Time Apportionment Method

The time apportionment method takes the total year of ownership and the years since 5 April 2015 into account when calculating the NRCGT.

For example, in the above example, the total gain is £450,000 (The selling price of £800,000 less the initial cost of £350,000), ignoring any other costs. The total period of ownership is 20 years, and only the six years since 5 April 2015 are taxable.

So, the taxable gain will be £450,000 divided by 20 multiplied by 6, arriving at the taxable gain of £135,000.

The good thing about this method is that there is no need for valuation as of 5 April 2015.

03 Retrospective Computation Method

This method is quite simple and ignores any rebasing or time appointment for 5 April 2015. The entire gain is brought into the NRCGT.

For example,

In the example above, the taxable gain under this method will be £450,000. This method benefits when the disposal is loss-making.

Calculation for Non-residential properties Owned Before 5 April 2019

For CGT calculation on the disposal of non-residential properties (i.e., properties which were not under the scope of NRCGT before 6 April 2019), taxpayers can choose between one of the following two methods:

01 Default Rebasing Method

Under this default method, the non-resident taxpayer obtains a valuation of the non-residential property as of 5 April 2019. Only the difference between the price of disposal and the 5 April 2019 value is taxable under NRCGT.

02 Retrospective Computation Method

This method is quite simple and ignores any rebasing or time apportionment for 5 April 2019. The entire gain is brought into the NRCGT. In the above example, the taxable gain under this method will be £450,000. This method is useful when the disposal is loss-making.



Deadlines for NRCGT

Non-residents must pay and file a CGT return within 60 days of completion of the sale of the property or land. Whether the disposal of assets results in gain or loss, the returns must be filed.

Individuals who have lived for some time in the property before disposal can claim Private Residence Relief (PRR). PRR is an extremely useful tool to avoid or reduce tax liability.

To claim PRR, the taxpayer should elect the house as the main residence. The election applies retrospectively, and you can claim relief for the past years (whole relief if you have spent at least 90 days in a Tax Year, and proportionately if less than 90).

Penalties for Late Payment

A UK resident does not need to report any gains if the gain is less than the annual exempt amount of £3,000. A UK resident making a gain of more than £3,000 while disposing of a UK property must report the capital gains tax within 60 days of the sale completion date.

However, a non-resident disposing of UK property must report the capital gains tax within 60 days, regardless of the amount of the gain. Failure to do so has several financial penalties.

Delayed By	Penalty Amount
1 day late	£100
3 months late	£10 per day for up to 90 days
6 months late	5% of tax due or £300 (whichever is greater)
12 months late	Added 5% of the tax due or £300 (whichever is greater)
12 months and the taxpayer deliberately withholds information	Based on behaviour: ■ If the taxpayer is deliberate and conceals information, 100% of the tax due or £300, whichever is greater, will be applied. ■ If the taxpayer is deliberate but not concealed, 70% of the tax due, or £300 whichever is greater, will be applied.

These penalties also apply to the late filing of Self Assessment Returns, which must be filed by 31 January for online returns and 31 October for paper returns. The penalties are the same as above.

Capital Gains Tax (CGT) on Inherited Property

Transfer of an asset by death is not a chargeable disposal for CGT purposes, therefore CGT is not payable when you inherit a property. Insetad, inheritance tax may be payable when inheriting a property. However, if you decide to sell the inherited property at a later period and the property increases in value, CGT will be applicable.

CGT applicable on the inherited property is calculated from the probate value. The probate value, also referred to as the market value of the property at the time of the death of the person from whom the property is inherited, is important in determining the CGT due. So, when you sell the inherited property, this probate value is used as the base cost for calculating capital gains.

How is CGT on Inherited Property Calculated?

The amount of CGT will depend on the amount of gain and the applicable tax rate. The gain on disposal of the residential property is charged at either 18% or 24%.

For Example,

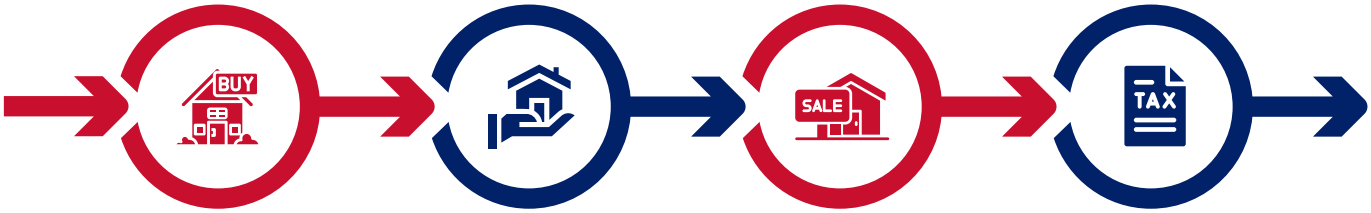
On 26 January 2004, George purchased a residential property for £80,000. He died on 18 September 2021, and his son, Jeff, inherited the property. On that date, the property had a market value of £420,000 (probate value). Here, the property has been disposed of, but the transfer of property on death is an exempt disposal, so there will be no CGT due while inheriting the property.

However, when Jeff sold the property on 10 November 2024 (Tax Year 2024/25) for £520,000, he had to pay CGT as the value had increased from the time he inherited it to the time he sold it. When he sold the property, the base cost for the property will be £420,000. So, Taxable Gains will be calculated as under:

Particulars	Amount
Sales Proceeds	£520,000
Less: Base Cost (Probate Value)	(£420,000)
Net Chargeable Gains	£100,000
Less: Annual Exempt Amount (AEA)	(£3,000)
Taxable Gains	£97,000

The rate applicable for this property, assuming Jeff is a higher-rate taxpayer, is 24%. So, Jeff's Capital Gains Tax Liability will be £23,280 (£97,000 x 24%).

CGT on Inherited Property



26 January 2004
George purchased a property at £80,000

18 September 2021
The property was inherited by Jeff. Probate value of £420,000

10 November 2024
Property was sold by Jeff for £520,000

9 January 2025
CGT Filing and Payment Deadline

Does Any CGT Relief Apply to Inherited Property?

If you have inherited the property and wish to sell it or transfer it to your spouse, the CGT liability will not arise as it would classify as no gain/no loss.

Additionally, if you have inherited property and you lived in it as your main residence at some point during your ownership, you can claim PRR. This relief can significantly reduce your CGT liability when you sell the inherited property. However, the relief may be restricted if the property was not your main residence for the entire period of ownership.

You can also be eligible for Letting Relief if you lived in the inherited property as your main residence and let out some part of it. Letting relief can be claimed in addition to PRR, so it can further reduce your CGT liability.



Agent Information (Appointing UKPA As an Agent)

Navigating the processes of Capital Gains Tax and the schemes and rebates available can be quite confusing for an individual with no accounting knowledge. So, using an agent like UK Property Accountants can be very helpful. Here are the steps to add UKPA as an agent:

Step 1: Creating a Property Account for CGT

If you do not already have HMRC logins, you will need to register for a Government Gateway ID and create a UK Property account for CGT. For registration, you will require your National Insurance (NI) Number and Unique Taxpayer Reference (UTR) Number. After completing this process, you will receive a 15-digit UK Property Account Number, which looks like **XGCGTP000119854.**

If you are unable to complete the process online, HMRC can issue paper returns upon request.

Step 2: UKPA Will Send the Authorisation Link

You need to provide us with the UK Property Account Number along with the Post code of your property or the country of residence if you're a non-resident. We will generate an authorisation request link and email it to you.

Step 3: Authorise UKPA as Your Agent

Once you receive the authorisation link, you will need to click on it and follow the specified steps by logging into your Government Gateway account to authorise us as your agent.

Step 4: UKPA Will Prepare the CGT Computationand Return

We will prepare the CGT computation and return and provide it to you for your final review.

Step 5: Final Submission

After your final review, we will submit the CGT return to HMRC on your behalf.



FAQs

1 **How much Capital Gains Tax do you pay in the UK?**

On residential properties, the basic rate taxpayer pays 18%, whereas the higher and additional rate taxpayer pays 24%. On other assets, the basic rate taxpayer pays 18%, whereas the higher and additional rate taxpayer pays 24%.

2 **Do I pay CGT if I live abroad?**

You pay CGT only when disposing of UK land and property, even if you live abroad. This is called Non-Resident Capital Gains Tax (NRCGT), which was introduced in 2015.

3 **Do I pay tax when you sell a house in the UK?**

Yes, you have to pay Capital Gains Tax when you sell a house in the UK. However, the tax is only paid on the profit you make when you sell the house. Also, if you sell your main residence, you will be eligible for Private Residence Relief (PRR).

4 **Do I have to pay UK tax if I sell my property abroad?**

If you are a UK resident and sell property abroad, you have to pay Capital Gains Tax on the profit you make when disposing of the overseas property. Also, even if you are a non-resident, you may have to pay UK tax on overseas property if you return to the UK within five years of leaving.

5 **Do I pay CGT when I inherit a property?**

If you inherit a property, you have to pay Inheritance Tax (IHT). However, if you decide to sell the inherited property after a certain period, CGT may be liable on the gains while disposing of the property.

UK Property Accountants

Let's Talk

SCAN ME!

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